



General Committee

Monday May 19, 2020

AMO request for Preferred Municipal Blue Box Transition Timing



1. Purpose of Report

**To recommend a preferred
Blue Box Program transition year and
collection service approach in response
to a request by AMO -
Association of Municipalities of Ontario**





2. Province moves forward with transition

2016 *Waste Free Ontario Act* designed to transition operational & financial responsibility of Blue Box program from municipalities to product producers

August 2019

Minister issued official direction letter outlining next steps and timelines of Blue Box transition process

Fall 2020

Province to release regulations

2023 – 2025

Transition scheduled to occur with 1/3 of Ontario households transitioning per year

Ministry staff has indicated that transition will be mandatory

- Shifting responsibility and cost of recycling to product producers is intended to incentivize better product and packaging design and increase diversion
- **Municipalities to remain responsible for garbage, organics and yard waste**



3. AMO calls for municipal input

December 2019, AMO requested municipal Councils pass and submit non-binding resolutions indicating:

- ☐ Preferred Transition Year (2023, 2024 or 2025)
- ☐ Service Delivery Preference:
 1. Continue to act as collector on behalf of producers
 2. “Hand over keys” and have producers provide collection

AMO believes publicly declaring preferences now is in municipalities' best interest to ensure input is considered

All non-binding resolutions will be consolidated by AMO to provide picture of how/when municipalities prefer to transition



4. York Region & LMs - Common transition timeframe

York Region - 2-tier, integrated waste management system

- Locals collect materials and Region transfers, processes and sells/disposes
- **4** municipal collection contracts & **3** regional transfer/processing contracts, all with different expiry and extension terms

Goal:

Provide AMO with a joint transition strategy and preferred transition year for both collection and processing

- Vaughan, RH & N6 have long-term contracts, choosing a later transition year would minimize contract termination penalties
- These contracts contain “off-boarding” clauses, but clauses are untested in courts
- Region contracts for transfer and processing expire early in transition window but can be extended
- Region and Local Municipalities are working together to understand implications of all transition timing options



5. New collection contract addresses transition

Markham's collection contract operating under short term extensions

RFP process underway, long contract term (8 years) needed to amortize fleet cost - 8 year term takes contract past transition window

RFP includes formula to allow Staff to determine cost of Blue Box transition in each contract year, Staff can calculate cost-benefit of early or late transition

Staff recommend City reserves right to change preferred transition year depending on which date is most financially beneficial

Region and Locals have determined transition year 2025 is preferred but can amend preference in future

Because of 2-tier system, YR decision impacts Markham, example:
If YR chooses to transition **processing** role before Markham transitions **collection** role, Markham would be responsible for costs previously covered by YR (i.e. transfer and/or hauling)



6. Staff support Markham as collector on behalf of producers

- Due to 2-tier system, transition is not as simple as severing Blue Box service from other collection services
- City currently co-collects Blue Box & Green Bin in same truck, garbage collected bi-weekly and yard waste collected seasonally
- Transitioning Blue Box affects how other services are delivered
- Few details about future service delivery available, Staff expect municipalities can opt to collect on behalf of producers for a fee



Example of a co-collection truck

Staff recommend the City pursue this arrangement, it will likely minimize costs and reduce customer service impacts by leveraging efficiencies of current system



7. Uncertainty remains biggest challenge

Staff have identified areas of concern:

- Unknown if producers will provide/allow for co-collection
- Unsure how multi-res, super mailboxes, depots, or BIAs will be addressed
- Location of future Blue Box transfer & processing facilities unknown, this could impact future costs for City as these costs are currently responsibility of Region
- Unknown impacts to interconnected programs such as public education, curbside enforcement and development review
- List of accepted Blue Box materials is unknown



These items will be assessed as more information becomes available and brought to Council by Staff as reports



8. Conclusion

Blue Box transition process presents challenges in planning for future and ensuring convenient, reliable service to residents

Future negotiations/arrangements must be carefully considered to minimize negative impacts on collection and customer service

Council resolution for AMO is non-binding, Markham retains right to amend transition year and collection service preference at any time if determined to be financially/operationally beneficial to City

Staff to continue to participate in Blue Box transition process, report back on impacts and recommend next steps



8. Financial Considerations

- Producers required to pay up to 50% of Blue Box program costs to municipalities
- Markham's recycling costs (as per most recent Data Call) are approx. \$4.1M including curbside/multi-res collection, depots, education & admin costs
- City receives approx. \$1.3M in annual funding from producers
- Transition process may provide opportunities to reduce Blue Box costs, once more details known

Recommendations have no financial implications as Council declaration is non-binding allowing City to make changes in future



9. Recommendations

- 1) THAT the Report entitled “AMO request for Preferred Municipal Blue Box Transition Timing ” be received; and
- 2) THAT the City of Markham jointly with York Region and the Local Municipalities support 2025 as the preferred Blue Box transition date (Year 3) of the transition process; and
- 3) THAT the City of Markham elect to continue to provide Blue Box collection services to residents (post transition) on behalf of the product producers should both parties arrive at mutually agreeable commercial terms; and
- 4) THAT the City of Markham reserve the option to amend Markham's transition date and collection service preference at any time if it is determined to be financially and operationally beneficial to the City; and
- 5) THAT Staff be directed to report back in the fall of 2020 after release of the Provincial Blue Box regulations; and



Recommendations (cont'd)

- 6) THAT the City Clerk be directed to forward a copy of this resolution to the Association of Municipalities of Ontario, York Region and Local Municipalities and the Ontario Ministry of the Environment, Conservation and Parks; and
- 7) THAT Staff be authorized and directed to do all things necessary to give effect to this resolution

